

BUDGET FY2026-27: Morning Seems Good From GoB, Aims Better Days

June 11, 2026

EXECUTIVE SUMMARY

The FY2026-27 budget signals a transition from short-term stabilization toward medium-term growth acceleration through institutional reforms, investment promotion, and private sector revival. The Government has adopted a three-stage strategy: Recovery & Stabilization, Restoration, and Reconstruction for Acceleration, aimed at restoring macroeconomic stability while laying the foundation for sustainable long-term growth.

At the macro level, the Government targets GDP growth of 6.5% in FY27 alongside an inflation target of 7.5%. Over the medium term, the authorities aim to raise growth to 8.5%, increase investment to 40% of GDP and improve FDI inflows, reflecting a clear focus on expanding productive capacity and employment generation. The policy emphasis suggests a shift from consumption-led growth toward investment- and productivity-driven expansion.

A key theme of the budget is reducing reliance on a bank-centric financing model. The Government has highlighted the need to deepen capital markets, promote corporate bonds, sukuk, green bonds, and alternative financing instruments to support long-term investment. This direction is particularly relevant for listed financial institutions and could improve the availability of non-bank funding channels over time.

Fiscal policy remains supportive while maintaining a degree of discipline. The budget deficit is projected at 3.6% of GDP, while planned borrowing from the banking system is lower than the revised FY26 level. This indicates an effort to limit crowding out of private sector credit and support business investment as economic activity recovers.

Revenue mobilization and economic formalization are also central priorities. Measures introduced through the Finance Bill, including wider VAT documentation requirements, expanded BIN-linked transactions, and stronger compliance mechanisms, indicate a broad-based effort to strengthen tax administration and improve revenue collection. While these measures may increase compliance costs for some businesses, they support the Government's objective of expanding the tax base and reducing informality.

The budget also places significant emphasis on financial sector reforms. Strengthening banking sector governance, addressing weak banks, protecting depositors, and improving regulatory oversight are identified as key policy priorities. Successful implementation would be positive for investor confidence and financial stability.

On the growth front, the Government has prioritized agriculture, export diversification, ICT, manufacturing, SME development, and infrastructure investment. The announced stimulus and refinancing initiatives are designed to support industrial production, employment, and private sector activity. Energy security, domestic gas exploration, and renewable energy development remain long-term priorities aimed at reducing external vulnerabilities and supporting industrial competitiveness.

Overall, the FY27 budget reflects a reform-oriented policy stance focused on macroeconomic stability, investment-led growth, financial sector strengthening, and economic formalization. While execution remains the key challenge, the medium-term policy direction is broadly supportive of private investment, capital market development, and sustainable economic growth.

Yearly Notations

FY2025A – Actual
FY2026R – Revised
FY2027B – Budget

FY27 Budget at a Glance

FY2026-27 budget size stands at BDT 9.38 Tn (USD 76.3 Bn), with revenue target of BDT 6.95 Tn (USD 56.5 Bn) and deficit of BDT 2.43 Tn (3.6% of GDP). Annual Development Program (ADP) stands at BDT 3.00 Tn (32.0% of budget), up sharply from FY2025-26R.

- Of the total budget deficit, BDT 1.27 Tn would be financed from domestic sources and BDT 1.16 Tn from foreign sources. Banking system borrowing is planned at BDT 1.12 Tn, lower than FY26R BDT 1.18 Tn, suggesting a mild attempt to ease crowding-out pressure.
- GDP growth target for FY2026-27 is set at 6.5%, while inflation target is set at 7.5%. The targets remain ambitious given elevated energy costs, Middle East related commodity shocks, weak banking system asset quality and still-tight private credit conditions.
- The FY27 budget is materially more expansionary than FY26, with a visible pivot toward human capital, social protection, rural purchasing power, investment facilitation, ICT/digital infrastructure and capital market deepening.
- Key policy direction is to move away from a debt-driven and bank-centric growth model toward an investment-led, formalized and productivity-oriented economy.



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Key Insights from the FY27 Budget

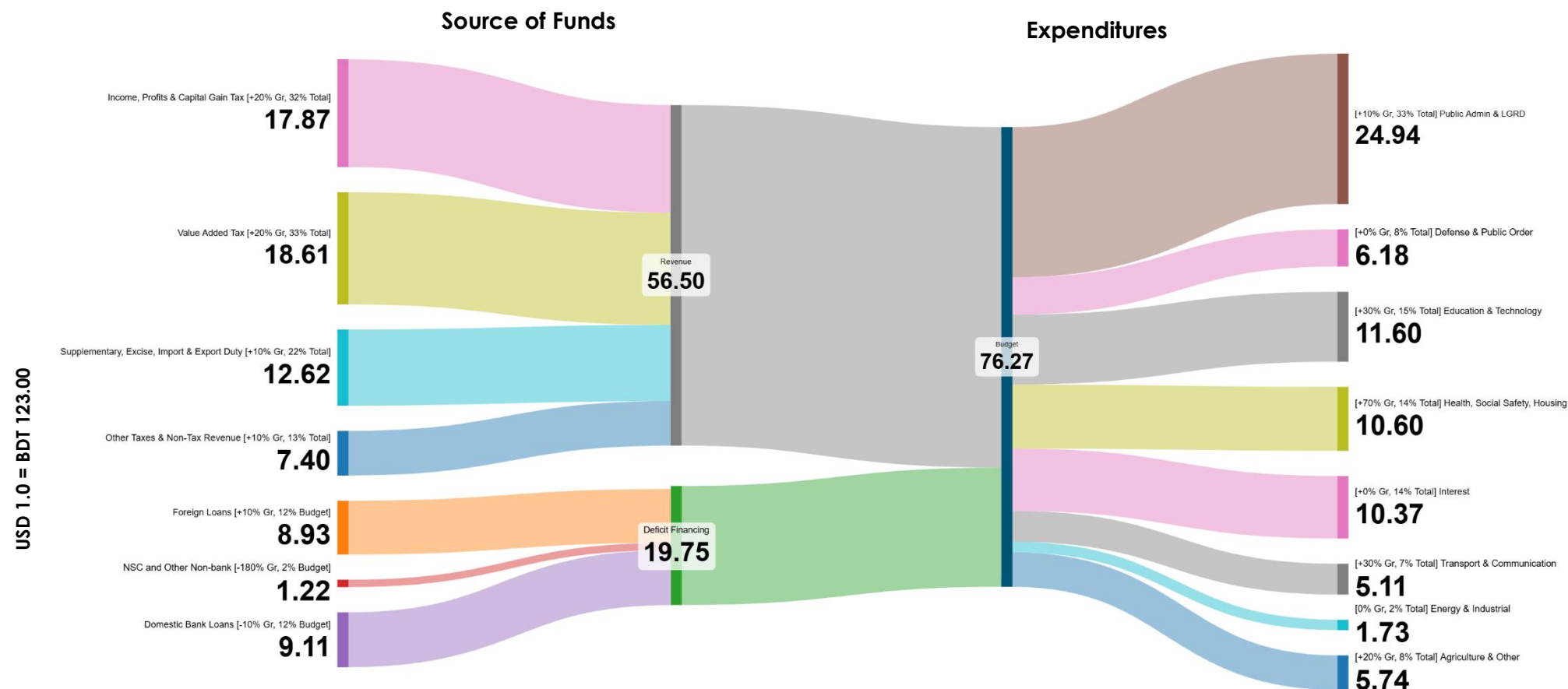
- The budget moves from austerity to selective stimulus. Development expenditure is planned at 33.7% of total expenditure versus 27.3% in FY26R, while operating expenditure share falls to 66.3%.
- Bank borrowing is proposed at BDT 1.12 Tn, BDT 60 Bn lower than FY26R, which is incrementally positive for private sector credit availability.
- The government prioritizes deregulation and speed: company registration within 48 hours, work permits within seven days, visas within ten days and single-window licensing are highlighted as medium-term business facilitation measures.
- Tax policy is strongly pro-formalization. TIN/BIN linkage, eVAT, risk-based audit and integrated databases should gradually raise the tax base, but may increase compliance pressure for informal SMEs.
- Telecom receives the most visible near-term relief through SIM tax withdrawal and telecom WHT cuts/withdrawal. This may catalyze sentiment in GP and ROBI.
- The Finance Bill and speech continue to favor local manufacturing through longer horizon VAT/duty concessions for electronics, mobile phones, EVs, batteries, semiconductors and pharma raw materials.

Analyst Takeaway on the FY27 Budget

The FY2026-27 budget signals a transition from stabilization to medium-term growth acceleration through institutional reform, investment promotion and private sector revival. The Government has adopted a three-stage strategy - Recovery & Stabilization, Restoration, and Reconstruction for Acceleration - aimed at restoring macroeconomic stability while building the foundation for sustainable long-term growth. At the macro level, the Government targets GDP growth of 6.5% in FY27 and inflation of 7.5%. Over the medium term, it aims to raise growth to 8.5%, increase investment to 40% of GDP and improve FDI inflows. The policy emphasis therefore suggests a shift from consumption-led growth toward investment- and productivity-driven expansion. Fiscal policy remains supportive but with an attempt to maintain discipline: the deficit is projected at 3.6% of GDP, while planned borrowing from the banking system is lower than the revised FY26 level. Revenue mobilization and economic formalization are central priorities. Measures introduced through the Finance Bill, including broader VAT documentation requirements, BIN-linked transactions, eVAT filing and stronger compliance mechanisms, indicate a move to broaden the tax net and reduce informality. On the growth side, the Government prioritizes agriculture, export diversification, ICT, energy security, manufacturing, SME development, capital market reform and infrastructure investment. Overall, the FY27 budget is reform-oriented and expansionary, but execution will determine whether policy intent translates into investable growth.

** For more details on numbers and statistics of the national budget for FY2026-27, please refer to the Appendix.

BUDGET FY2026-27: THE FISCAL SKELETON (USD BN)



USD 1.0 = BDT 123.00

* Rounded up to first decimal point; marginal difference may be observed from actual

Figures in BDT billion	2026-27 Budget	Change*	% of Budget	% of GDP	2025-26 Revised	2024-25 Actual
Expenditure						
Non-Development Expenditure	5,511	7.3%	58.8%	8.1%	5,134	4,617
Development Expenditure	3,161	47.1%	33.7%	4.6%	2,149	1,524
Other Expenditure	708	18.5%	7.6%	1.0%	598	171
Total Expenditure	9,380	19.0%	100.0%	13.7%	7,880	6,313
ADP	3,000	50.0%	32.0%	4.4%	2,000	1,423
Interest Payment	1,275	0.4%	13.6%	1.9%	1,270	1,361
Revenue						
NBR Tax	6,040	20.1%	64.4%	8.8%	5,030	3,695
Non-NBR Tax	250	25.0%	2.7%	0.4%	200	82
Non-Tax Receipt	660	1.5%	7.0%	1.0%	650	593
Total Revenue	6,950	18.2%	74.1%	10.2%	5,880	4,370
Deficit Financing						
External	1,099	14.4%	11.7%	1.6%	960	556
Domestic	1,270	-7.3%	13.5%	1.9%	1,370	1,254
of which: Bank	1,120	-5.1%	11.9%	1.6%	1,180	1,142
Budget Deficit	2,430	21.5%	25.9%	3.6%	2,000	1,942
GDP (Estimated)	68,300	12.3%	7.3x	100.0%	60,803	55,150

*Change over FY2025-26 Revised, Source: Ministry of Finance

TAX RATE FOR COMPANIES

- Corporate tax rates have been broadly kept unchanged for listed companies, banks, financial institutions, tobacco and mobile operators for AY2026-27 to AY2030-31.
- Publicly traded companies with at least 10% shares transferred through IPO or direct listing will be taxed at 22.5%, with a 20% rate if all income is transacted through bank transfers.
- Other publicly traded companies will be taxed at 27.5%, with a 25% rate if all income is transacted through bank transfers. This creates a tax incentive for better free float and documented income transactions.
- Private universities, medical, dental, engineering and IT-only colleges see tax rate reduced to 10% from previous 15%, positive for private education operators but with limited direct listed equity implications.

Description	Assessment Year 2026-27 till 2030-31		Impact
	Tax Rate	Rebated Tax Rate with conditions	
Publicly traded company ** [Shares transferred through IPO or Direct Listing worth >10% of Paid-up Capital]	22.50%	20.00%	Unchanged
Publicly traded company (Others)	27.50%	25.00%	Re-classified
Other companies ** [Defined under section 2(31) of the Income Tax Act, 2023]	27.50%	n/a	Unchanged
Publicly traded bank, insurance, and NBFIs	37.50%	n/a	Unchanged
Non-publicly traded bank, insurance, and NBFIs	40.00%	n/a	Unchanged
Tobacco item Manufacturers	45.00% + 2.50% Surcharge	n/a	Unchanged
Publicly traded Mobile Operator Company ***	40.00%	n/a	Unchanged
Non-publicly traded Mobile Operator Company ***	45.00%	n/a	Unchanged
Private higher education institutions [universities, medical, dental, engineering or IT-only]	10.00%	n/a	Changed
Trusts, Association of Persons, Firms	27.50%	n/a	Unchanged
Cooperative Society	20.00%	n/a	Unchanged
Non-resident taxpayers ****	30.00%	n/a	

* See FY27 Budget and Finance Bill 2026-2027 for details

** All incomes are transacted through bank transfers

*** Transfers 10% of its paid-up capital and becomes publicly listed in the stock exchange. Separately, provided if such a company transfers at least 20% of its paid-up capital through IPO, it will receive a rebate to the tune of 10% on income tax in the relevant year.

**** other than Non-Resident Bangladeshis, excluding companies, firms and associations of persons

Source: Ministry of Finance, BRAC EPL Research

PERSONAL TAX RATES

- The budget introduces a five-year personal tax roadmap, improving predictability for taxpayers.
- General taxpayers' tax-free income threshold rises from BDT 375,000 in FY27-28 to BDT 500,000 by FY30-31. Women/senior citizens thresholds rise from BDT 425,000 to BDT 500,000 over the same period.
- Minimum tax remains BDT 5,000 if income exceeds tax-free limit; new taxpayers minimum tax remains BDT 1,000.
- Surcharge rates remain asset-based; tobacco manufacturers continue to face 2.5% surcharge.
- Tax exemption that has been only applicable to IT freelancing income, will be extended to all categories of freelancing income, as well as all income from content creation; to encourage them to send their earnings through formal banking channels.

Tax Exemption Threshold

PARTICULARS	AS PER LAST BUDGET (AY2025-26)	PROPOSED BUDGET				
	in BDT	AY2026-27 in BDT	AY2027-28 in BDT	AY2028-29 in BDT	AY2029-30 in BDT	AY2030-31 in BDT
General Taxpayers	375,000	375,000	375,000	400,000	400,000	450,000
Women & Senior Citizen (65 years+)	425,000	425,000	425,000	450,000	450,000	500,000
Physically Challenged Persons	500,000	500,000	500,000	525,000	525,000	575,000
Third Gender	500,000	500,000	500,000	525,000	525,000	575,000
Gazetted War-wounded Freedom Fighters & Gazetted July fighters	525,000	525,000	525,000	550,000	550,000	600,000

** AY denotes Assessment Year

Source: Ministry of Finance

- The income tax-free threshold would be increased for parents or legal guardians of physically challenged child/adopted child by BDT 50,000 for each child. If both the parents of a physically challenged child are taxpayers, either of the parents will be entitled to avail the facility.

General Tax Rate Slabs

As Per Last Budget		AY2026-27 & AY2027-28		AY2028-29 & AY2029-30		AY2030-31	
Particulars	Tax Rate	Particulars	Tax Rate	Particulars	Tax Rate	Particulars	Tax Rate
Up to BDT 375,000	Nil	Up to BDT 375,000	Nil	First BDT 400,000	Nil	First BDT 450,000	Nil
Next BDT 300,000	10%	Next BDT 300,000	10%	Next BDT 300,000	10%	Next BDT 300,000	10%
Next BDT 400,000	15%	Next BDT 400,000	15%	Next BDT 400,000	15%	Next BDT 400,000	15%
Next BDT 500,000	20%	Next BDT 500,000	20%	Next BDT 500,000	20%	Next BDT 500,000	20%
Next BDT 2,000,000	25%	Next BDT 2,000,000	25%	Next BDT 2,000,000	25%	Next BDT 2,000,000	25%
On Balance	30%	Remaining income above BDT 3,575,000	30%	Next BDT 26,400,000	30%	Next BDT 26,350,000	30%
				Remaining income above BDT 30,000,000	35%	Remaining income above BDT 30,000,000	35%

CAPITAL MARKET

- The FY27 budget provides a more direct capital market reform agenda than FY26, although direct listed-equity tax cuts are limited.
- Settlement cycle is proposed to gradually move from T+2 to T+0, while legal foreign investors should be able to repatriate or reinvest sales proceeds through NITA within one working day.
- The Government intends to shift financing from a bank-centric model to an equity, bond and investment-led structure. Corporate bonds, sukuk, green bonds, infrastructure funds and other long-term financing instruments are explicitly prioritized.
 - The proposed reduction in banking system borrowing to BDT 1.12 Tn in FY27 from BDT 1.18 Tn in FY26R may reduce crowding-out pressure at the margin. This is modestly positive for private sector credit growth and equity market liquidity.
- IPO processing is proposed to become time-bound and technology-driven, with application, document submission, verification, fee payment, corrections and approvals to be completed online.
- The Government plans an integrated digital platform among issuers, issue managers, stock exchanges, CDBL and regulators, which should improve process transparency if executed well.
- The BDT 600 Bn "Stimulus Package-2026", including refinancing support for large industries, agriculture, CMSME, export diversification and northern agriculture hub development, should support listed banks with strong SME, agriculture, corporate and export-linked exposure
- Municipal bond issuance framework is proposed for local government and urban infrastructure financing, which could create a new fixed-income asset class.
- The Government of Bangladesh, through the National Budget 2026-27 and the Finance Bill 2026-27, has introduced a fundamental shift in macro-fiscal management by transitioning Tax at Source (TDS) from a "Minimum Tax" settlement to an "Advance Tax" system.
 - This change ends the longstanding issue for Brokerage Houses explicitly identified as a sector previously trapped in a "liquidity trap" where the non-refundable final tax settlement at the source depleted operating capital.

Expected Impact: Positive for brokers, merchant banks, AMCs, CDBL and stock exchanges over the medium term if new issuance and secondary turnover improve. Banks may benefit from lower funding pressure if bond market deepening reduces overreliance on bank credit. The near-term impact is neutral to mildly positive, as market response will depend on execution and investor confidence.

TELECOMMUNICATION & IT

- Withdrawal of BDT 300 SIM tax, BTRC revenue share/license fees & Mobile network service WHT reduced to 10% from 12%, directly positive for telecom operator's cash flow.
- BTRC revenue share/license fee/charge WHT of 20% is proposed to be withdrawn, potentially positive for GP and ROBI.
- Local mobile phone manufacturing raw material AIT reduced to 1% from 5%/2%, and VAT exemption for mobile phone manufacturing/assembly extended to June 2030.
- VAT exemption for local computer, laptop, printer, toner and similar technology product manufacturing extended to June 2030.
- Start-up fund allocation increased to BDT 5.0 Bn, versus BDT 1.0 Bn in FY26, to support start-ups, women entrepreneurs and young entrepreneurs.
- The government targets 90% population coverage with 5G within two years and 100Mbps-1Gbps broadband across urban and rural areas. While capex intensity may rise, the policy direction is growth supportive.

Expected Impact on Telecom: Positive for **AAMRANET (DSE: AAMRANET, Bloomberg: AAMRANET BD)**, **ADNTEL (DSE: ADNTEL, Bloomberg: ADNTEL BD)**, **BDCOM (DSE: BDCOM, Bloomberg: BDCOM BD)** and IT service names through

connectivity expansion and start-up ecosystem support, although direct listed exposure remains limited.

Expected Impact on IT: Positive for AAMRANET, ADNTEL, BDCOM and IT service names through connectivity expansion and start-up ecosystem support, although direct listed exposure remains limited.

TOBACCO

- Minimum retail price for cigarettes increased to BDT 62/92/160/210 per 10 sticks for low/medium/high/premium segments respectively.
- Emerging tobacco products, namely nicotine pouch and heated tobacco, are brought under explicit MRP/SD framework: Nicotine Pouch at BDT 500 per 10g with 40% SD and Heated Tobacco at BDT 210 per 10 sticks with 67% SD.
- Government plans Track and Trace system to monitor tobacco production and supply, which should reduce illegal supply leakage over time but raises compliance intensity.
- Corporate tax remains 45% plus 2.5% surcharge for tobacco manufacturers.
- 300% supplementary duty imposed on acetate tow and filter rods, which did not have SD previously
- 350% supplementary duty imposed on new tariff codes - Nicotine granules and nicotine pouches.

Expected Impact: Moderately Negative for **BATBC (DSE: BATBC, Bloomberg: BATB BD)** as filter cost hike and continued high tax burden may pressure volume and demand, though Track and Trace may help compliant players if illegal trade is curbed. New HS Code for nicotine granules, heated tobacco, and nicotine pouches provides opportunity to expand alternative tobacco products in a regulated system.

Table: Existing and proposed price slabs and supplementary duty structure

	Previous price per 10 sticks	Revised price per 10 sticks	% Change	Current SD
Premium	185	210	+13.5%	67.0%
High	140	160	+14.3%	67.0%
Medium	80	92	+15.0%	67.0%
Low	60	62	+3.3%	67.0%

Source: Ministry of Finance, BRAC EPL Research

Corporate Tax Rate (Unchanged)

All sorts of tobacco including cigarette, bidi, chewing tobacco, gul, manufacturing

Existing AY 2025-26

45% + 2.5%
(Surcharge)

Proposed AY 2026-27 to AY2030-31

45% + 2.5%
(Surcharge)

BANKS, FINANCIAL INSTITUTIONS & MFS

- FY27 budget targets banking sector governance restoration, weak bank recapitalization, depositor protection and reduction of political interference in banking operations.
- Government is spending BDT 400 Bn in FY26 for weak bank recapitalization, indicating near-term fiscal cost but medium-term confidence support.
- BDT 600 Bn Stimulus Package-2026 announced through Bangladesh Bank, including BDT 410 Bn refinancing fund and BDT 190 Bn own fund, covering large industries/services, agriculture, CMSME, export diversification and northern agriculture hub.

- Banks with strong CMSME, agriculture and corporate distribution may benefit from refinancing flows and business activity recovery. However, NPL recognition, recapitalization and governance reform remain risks for weaker banks.
- Bank borrowing target from government is reduced to BDT 1.12 Tn from FY26 to BDT 1.18 Tn, which is marginally positive for private credit crowding out.
- Excise duty exemption threshold on bank deposits is to be increased from BDT 300,000 to BDT 400,000, to provide relief to small depositors and promote financial inclusion.

Expected Impact: Positive for **BRACBANK (DSE: BRACBANK, Bloomberg: BRAC BD)**, **CITYBANK (DSE: CITYBANK, Bloomberg: CITYBA BD)**, **EBL (DSE: EBL, Bloomberg: EBL BD)**, **PREMIERBAN (DSE: PREMIERBAN, Bloomberg: PREMIERB BD)** and **PUBALIBANK (DSE: PUBALIBANK, Bloomberg: PUBALI BD)**, given exposure to SME/corporate credit revival. MFS should benefit from One Citizen-One Wallet and digital payment infrastructure.

PHARMACEUTICALS

- Budget speech prioritizes universal healthcare, e-health card, national medicine and vaccine supply network, API Park support and medical device industry development.
- Health allocation almost doubles to BDT 694 Bn from FY26R BDT 355 Bn, implying stronger public healthcare procurement potential.
- VAT exemption proposed for supplier-level VAT on imported heart rings/stents and intraocular lenses, potentially reducing end-user medical cost.
- Advance tax on Blood Tubing Set for Hemodialysis imports proposed to be fully exempt, lowering dialysis treatment cost.
- API Park infrastructure, research and investment support to continue, and policy support to pharma sector is prioritized in the context of LDC graduation.

Expected Impact: Positive for **SQURPHARMA (DSE: SQURPHARMA, Bloomberg: SQUARE BD)**, **BXPBARMA (DSE: BXPBARMA, Bloomberg: BXPBAR BD)**, **RENATA (DSE: RENATA, Bloomberg: RENATA BD)**, **BEACONPHAR (DSE: BEACONPHAR, Bloomberg: BPL BD)**, **JMISMDL (DSE: JMISMDL, Bloomberg: JSMD BD)** and **JHRML (DSE: JHRML, Bloomberg: JHRML BD)**, though company-level benefits depend on product mix and procurement participation.

CONSUMER DURABLES

- VAT exemption for local manufacturing of mobile phones and technology products extended to June 2030, supportive for electronics assemblers and adjacent distributors.
- VAT exemption for local manufacturing of IC engine, hybrid, plug-in hybrid, three/four-wheeler EVs, electric buses and trucks extended to 2030, except a 3% import duty on raw materials and components.
- Import duty on float glass for washing machine, electric oven and microwave oven manufacturers reduced through SD withdrawal, supporting appliance manufacturers.
- Washing machine import is proposed to face new 20% SD, while several inputs for local glass, motor, transformer, copper, tire-tube and detergent industries get duty protection or input concession.
- Protective duty increases support local producers but may raise cost for import-dependent sellers.
- Duty exemptions of 25% for import of raw materials required for manufacturing lithium-ion batteries, sodium-ion batteries, and lithium-ion battery packs, these products until 30 June 2030. Benefit goes to WALTONHIL & RUNNERAUTO

Expected Impact: Positive for **WALTONHIL (DSE: WALTONHIL, Bloomberg: WALTONHI BD)**, **SINGERBD (DSE: SINGERBD, Bloomberg: SINGER BD)**, **EPGL (DSE: EPGL, Bloomberg: EPGL BD)** and **BDLAMPS (DSE: BDLAMPS, Bloomberg: BDLAMP BD)** where protection/input concession supports local manufacturing. Importers of finished appliances may face margin pressure.

POWER AND FUEL

- WHT (Withholding Tax) on electricity purchase reduced to 3% from 4%, positive for power producers/distributors cash conversion.
- WHT on refinery fuel oil supply reduced to 1% from 1.5%, positive for refinery/fuel supply chain cash flow.
- Government targets 20% of electricity demand from renewable energy by 2030 and plans to add the first 1,200MW Rooppur unit to national grid by January 2027.
- Energy policy prioritizes capacity charge/PPA review, least-cost generation, grid modernization, domestic gas exploration, offshore bidding, strategic reserves, LNG terminal review and new refinery capacity.
- Solar power is proposed to enjoy zero tax until 2035 and 5% consumer tax rebate on solar electricity bills, strengthening renewable investment case.

Expected Impact: Positive for **SUMITPOWER (DSE: SUMITPOWER, Bloomberg: SUMITPOW BD)**, **UPGDCL (DSE: UPGDCL, Bloomberg: UPGO BD)**, **KPCL (DSE: KPCL, Bloomberg: KPCL BD)**, **BARKAPOW (DSE: BARKAPOW, Bloomberg: BAPL BD)**, **EPGL (DSE: EPGL, Bloomberg: EPGL BD)** and related power players from lower WHT and energy reform intent. **TITASGAS (DSE: TITASGAS, Bloomberg: TITASGAS BD)** may benefit indirectly from domestic gas exploration and distribution focus; **MJLBD (DSE: MJLBD, Bloomberg: MJL BD)**, **PADMAOIL (DSE: PADMAOIL, Bloomberg: PADMAO BD)**, **JAMUNAOIL (DSE: JAMUNAOIL, Bloomberg: JMOIL BD)**, **MPETROLEUM (DSE: MPETROLEUM, Bloomberg: MPL BD)** and **SPCL (DSE: SPCL, Bloomberg: SPCL BD)** may benefit from refinery/fuel supply WHT relief.

FOOD & FAST-MOVING CONSUMER GOODS SECTOR

- WHT on 60 essential commodities including paddy, rice, wheat, potato, livestock, poultry, fish, onion, garlic, ginger, salt, sugar, edible oil and seed reduced to 0.5%, which should ease working capital and supply chain tax burden.
- Business-level VAT on all fertilizers and import-stage advance tax on pesticides proposed to be exempt, supporting agriculture input affordability.
- Imported high-value frozen fish and certain extracts face 15% VAT, supporting local substitutes at the margin.
- Protective duties for local maize starch, coffee processing, skin care and detergent inputs may benefit local manufacturers.
- Import duty on raw materials used for producing imported infant food preparations from to be reduced from 15% to 10% to make such essential food items more accessible to the public.

Expected Impact: Positive for **OLYMPIC (DSE: OLYMPIC, Bloomberg: OLYMPI BD)**, **AMCL(PRAN) (DSE: AMCL(PRAN), Bloomberg: AMCL BD)**, **ACI (DSE: ACI, Bloomberg: ACI BD)**, **BPML (DSE: BPML, Bloomberg: BPML BD)** and local packaged food/personal care players where local substitution is supported. **MARICO (DSE: MARICO, Bloomberg: MBL BD)** and **UNILEVERCL (DSE: UNILEVERCL, Bloomberg: UNILEVER BD)** impact is mixed depending on imported input exposure versus protective duties on finished products.

CONSTRUCTION MATERIAL

- MS products specific VAT at production stage is proposed to be increased somewhat, negative for steel manufacturers and construction input costs.
- Gypsum board and sheet imports to face 20% regulatory duty to protect local industry.
- Refractory cement raw materials including ball clay receive duty reduction to 5%, positive for refractory cement producers.
- 10% regulatory duty on imported copper wire and an increase in copper tube import duty from 15% to 25% to support domestic cable manufacturers.
- Sewage treatment plant import duty reduced to 1% from 5%, positive for environmental infrastructure and construction services.

Expected Impact: : Negative for **BSRMSTEEL (DSE: BSRMSTEEL, Bloomberg: BSRM BD)**, **BSRMLTD (DSE: BSRMLTD, Bloomberg: BASR BD)**, **GPHISPAT (DSE: GPHISPAT, Bloomberg: GPH BD)** and other steel makers if VAT hike is passed through slowly.

RMG AND TEXTILE

- Bonded warehouse reforms are significant: bond facility proposed for all export-oriented sectors, annual audit exemption for compliant 100% export-oriented RMG units, and general bond tenure extension to three years for leather goods, footwear, towel, linen and home textiles.
- One-time raw material stock limit at bonded warehouse is proposed to be removed, and utilization permission timing reduced to 24 hours before shipment from 48 hours.
- 10 new export-oriented sectors to receive duty-free raw material import facility through bank guarantee; 30% minimum value addition requirement for bank-guarantee duty-free export is proposed to be removed.
- Polyester staple fiber import duty proposed at 5%, supporting local PSF producers but increasing input cost for synthetic textile users.

Expected Impact: Positive for compliant export-oriented textile/RMG supply chain companies such as **SQUARETEXT (DSE: SQUARETEXT, Bloomberg: SQTT BD)**, **ENVOYTEX (DSE: ENVOYTEX, Bloomberg: ENTL BD)**, **PARAMOUNT (DSE: PARAMOUNT, Bloomberg: PINC BD)**, **MATINSPINN (DSE: MATINSPINN, Bloomberg: MSML BD)** and **APEXFOOT (DSE: APEXFOOT, Bloomberg: APEXF BD)** through easier bond and export processes. PSF duty is negative for import-dependent synthetic yarn producers but positive for local PSF capacity.

AUTOMOBILE

- VAT exemption for local manufacturing of hybrid, plug-in hybrid, electric three/four wheelers, electric buses and trucks extended to 2030.
- AIT on EV registration/renewal reduced significantly from BDT 200,000 to BDT 25,000/50,000/75,000/100,000 depending on KW capacity.
- Policy support for electric buses, trucks, bikes and scooters indicates a pro-EV public transport and local manufacturing stance.
- Duty proposals are mixed for finished vehicle imports; locally assembled EV/hybrid value chain should be better positioned.

Expected Impact: Positive for **RUNNERAUTO (DSE: RUNNERAUTO, Bloomberg: RUNNERAU BD)**, **IFADAUTOS (DSE: IFADAUTOS, Bloomberg: IFAD BD)**, **ACI (DSE: ACI, Bloomberg: ACI BD)** and **ATLASBANG (DSE: ATLASBANG, Bloomberg: ATLASB BD)** if EV/hybrid assembly scales.

NEW DEVELOPMENTS:

FDI & INVESTMENT PROMOTION MEASURES AT A GLANCE

- Approval and licensing through online Single Window is expected to be completed within seven days, with deemed approval mechanism where applicable if agencies fail to respond on time.
- Work permits for foreign specialists to be issued within seven days, and investor/project visas within ten days.
- New EPZs planned in Patuakhali and Jashore with c.250,000 employment opportunity; new economic zones being developed in Kurigram, Nilphamari, Chandpur and Kushtia.
- FDI heat map published for 19 potential sectors, while FTA/PTA/EPA negotiations and investment cooperation are prioritized.
- The Government has set a medium-term target of increasing FDI inflows to 2.7% of GDP by FY2030-31, highlighting foreign investment as a key driver of industrialization, export diversification and economic growth.
- The Government plans to launch BanglaBiz, a centralized digital investor facilitation platform, alongside an FDI Heatmap to identify sector-specific and region-specific investment opportunities and streamline investor

onboarding.

- Expansion of Economic Zones (EZs), Export Processing Zones (EPZs) and export-oriented industrial infrastructure remains a core component of the investment strategy.
- The broader policy framework; including financial sector reforms, energy security initiatives, logistics development and business climate improvements, aims to enhance Bangladesh's competitiveness as a regional manufacturing and investment destination.
- Investment Implication: The FY27 budget reflects a clear shift toward an investment-led growth model. The introduction of a direct FDI sourcing incentive, combined with institutional reforms and infrastructure development, signals a stronger commitment to attracting foreign capital and supporting long-term industrial growth.

INVESTMENT PROMOTION MEASURES AT A GLANCE

Measure	FY27 Budget	Impact
FDI Target	2.7% of GDP by FY2030-31	Positive
Total Investment Target	40.0% of GDP by FY2030-31	Positive
BanglaBiz Platform	To be introduced	Positive
FDI Heatmap	To be introduced	Positive
EZ/EPZ Expansion	Continued priority	Positive
Export Diversification	Expanded focus sectors	Positive
Infrastructure & Energy Support	Continued investment support	Positive

Source: FY27 Budget

SUMMARIZED CAPITAL MARKET IMPACT

Below is a summarized view of stock specific impact from proposed changes in the national budget FY2026-27:

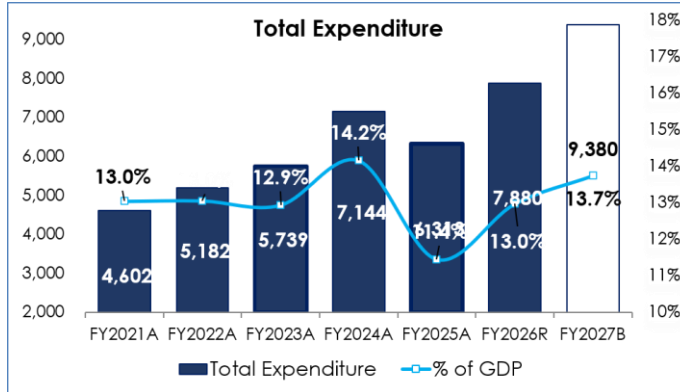
*Reference indicates the specific paragraph number of national budget FY26-27

Sector(s)	Stock(s)	Expected Impact	Reason(s)	Reference
All Sector	-	Benefit	WHT/AIT on multiple business inputs and essential commodities reduced; WHT to be treated as advance tax and refundable, improving cash flow.	95-96
Capital Market	Brokers, Merchant Banks, AMCs, CDBL	Benefit	Digital IPO, more institutional investors, bond/sukuk/infrastructure fund development, T+0 settlement roadmap.	107
Banks/NBFIs	BRACBANK, CITYBANK, EBL, PRIMEBANK, PUBALIBANK	Benefit	BDT 600 Bn stimulus/refinancing and lower bank borrowing may support credit growth and fee income.	69
Telecom	GP, ROBI	Benefit	Mobile network service WHT cut to 10% from 12%; BTRC revenue-share/license fee WHT withdrawn.	95
IT/Broadband	AAMRANET, ADNTEL, BDCOM, BSCPLC	Benefit	High-speed internet, 5G rollout and BDT 5 Bn start-up fund support ICT ecosystem.	55-58
PE/Startup		Benefit	Share transfer and capital repatriation for unlisted companies - No valuation report will be required for deal values of up to BDT 10 Mn, and repatriation of deal values of up to BDT 1.0 Bn may be made without prior approval from Bangladesh Bank.	180
Tobacco	BATBC	Disadvantage	Cigarette MRP increased and tobacco remains under high corporate tax/surcharge; Track and Trace to tighten compliance.	102
Power	SUMITPOWER, UPGDCL, KPCL, BARKAPOWER	Benefit	WHT on electricity purchase reduced to 3% from 4%; least-cost generation and PPA review policy supportive.	49,95

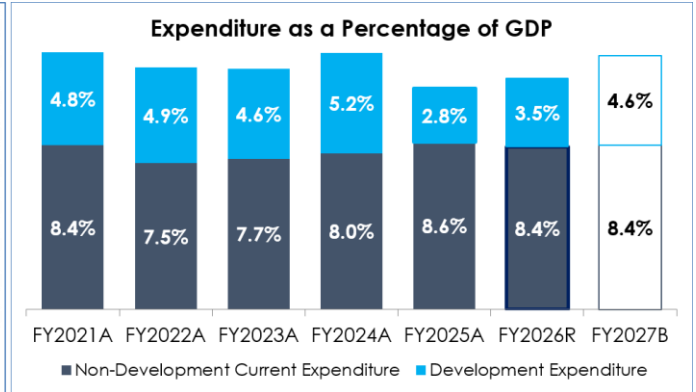
Fuel	MJLBD, PADMAOIL, JAMUNAOIL, MPETROLEUM, SPCL	Benefit	Refinery fuel oil supply WHT cut to 1% from 1.5%, easing cash flow.	95
Pharma/Healthcare	SQURPHARMA, BXPBARMA, RENATA, BEACONPHAR, JMISMDL, JHRML	Benefit	API support, medical device industry priority, health allocation jump and VAT/AIT relief on selected medical items.	37-38, VAT
Consumer/FMCG	OLYMPIC, ACI, BPML, MARICO, UNILEVERCL	Mixed/Benefit	Essential commodity WHT cut supports supply chain; import duties/VAT on premium food and extracts support local substitutes.	95, VAT/Customs
Electronics/Durables	WALTONHIL, SINGERBD, EPGL, BDLAMPS	Benefit	VAT exemption extension to 2030 and protective duties for local appliance/electronics manufacturing.	VAT/Customs
Steel	BSRMSTEEL, BSRMLTD, GPHISPAT	Disadvantage	Specific VAT on MS products increased at production stage.	VAT
Textile/RMG	SQUARETEXT, ENVOYTEX, PARAMOUNT, MATINSPINN	Benefit/Mixed	Bond simplification positive; PSF import duty may pressure synthetic input users.	Customs/Deregulation
Automobile/EV	RUNNERAUTO, IFADAUTOS, ACI, ATLASBANG	Benefit	EV/hybrid local manufacturing VAT exemption extended and EV AIT reduced sharply.	97, VAT

APPENDICES

GOVERNMENT EXPENDITURES

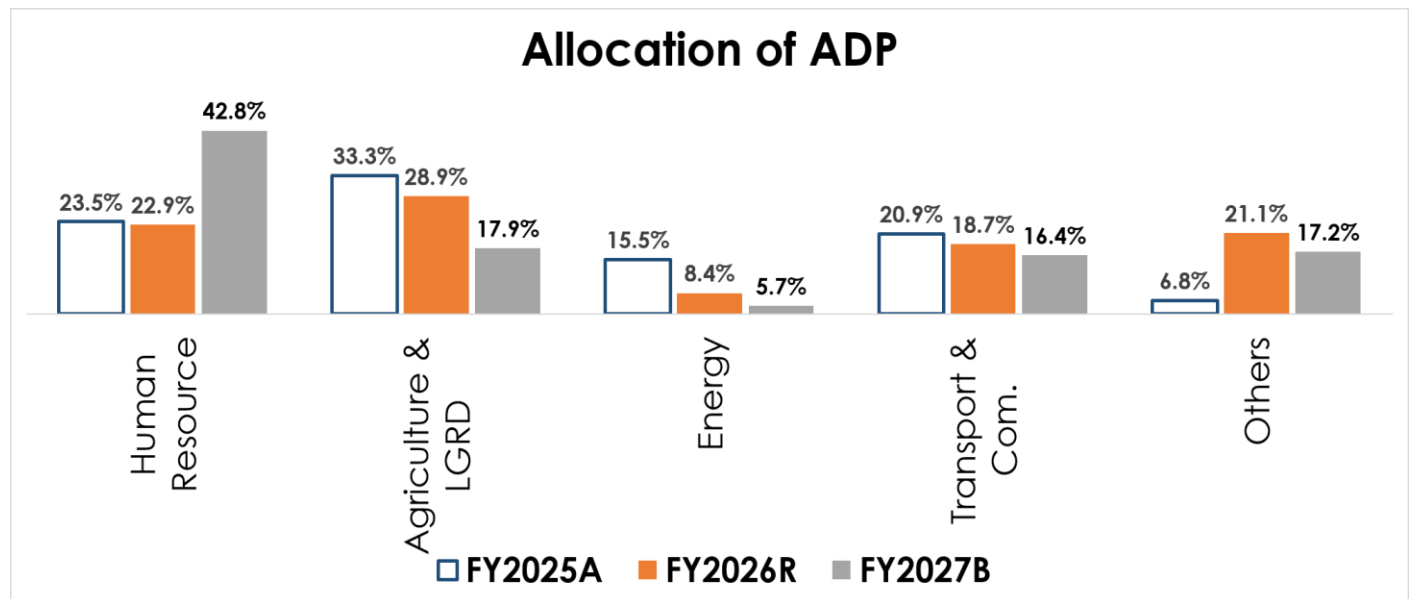


Source: Ministry of Finance



Source: Ministry of Finance

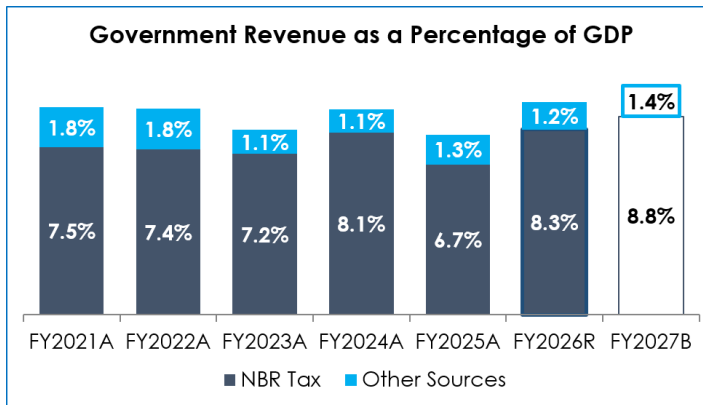
ALLOCATION OF ADP



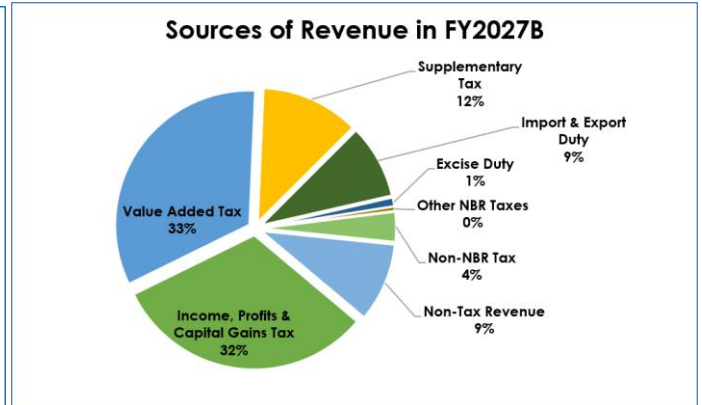
Figures in BDT billion	2026-27 Budget	Change *	% of Total	2025-26 Revised	2024-25 Actual
Human Resource	1284	180%	23%	458	335
Agriculture & LGRD	538	-7%	29%	577	474
Energy	172	2%	8%	168	220
Transport & Com.	491	31%	19%	374	298
Others	515	22%	21%	422	97
Total	3,000	50%	100%	2,000	1,423

APPENDICES

REVENUE COLLECTION



Source: Ministry of Finance



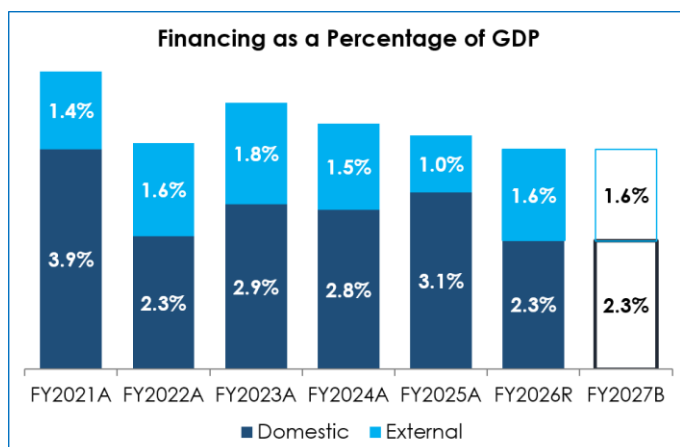
Source: Ministry of Finance

SOURCES OF TAX

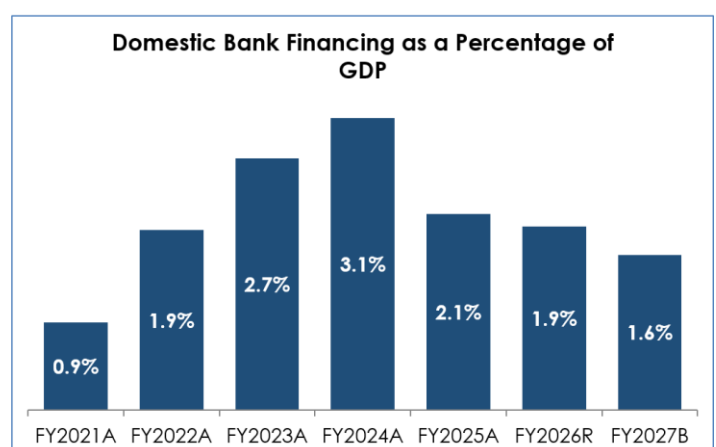
Figures in BDT billion	2026-27 Budget	Change*	% of Total	2025-26 Revised
Income, Profits & Capital Gains Tax	2,198.4	21%	32%	1,821.0
Value Added Tax	2,289.2	24%	33%	1,848.2
Supplementary Tax	822.8	13%	12%	730.3
Import & Export Duty	620.4	19%	9%	520.8
Excise Duty	72.9	5%	1%	69.5
Other NBR Taxes	36.4	-9%	1%	40.1
Non-NBR Tax	250.0	25%	4%	200.0
Non-Tax Revenue	660.0	2%	9%	650.0
Total	6,950.0	18%	100%	5,879.9

*Change over FY2025-26 Revised, Source: Ministry of Finance

FINANCING THE DEFICIT



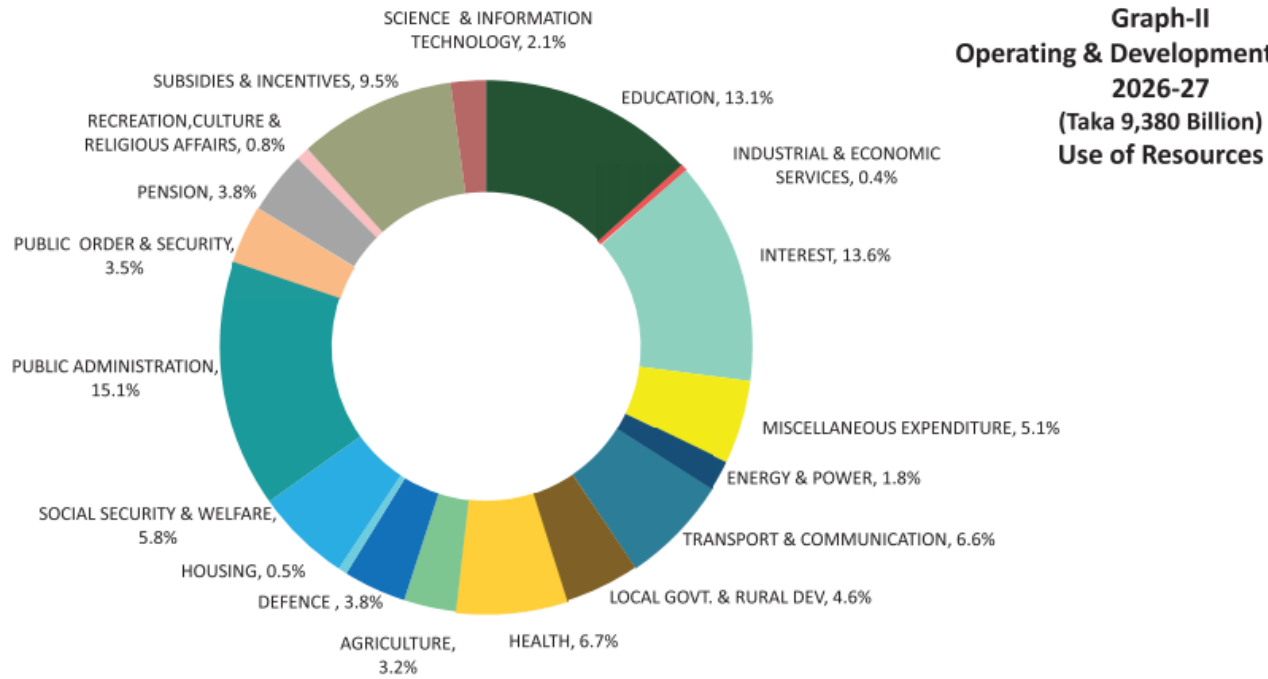
Source: Ministry of Finance



Source: Ministry of Finance

APPENDICES

OPERATING & DEVELOPMENT BUDGET



Sector-wise Resource Distribution (Subsidies & Incentives, Pension and Interest are Shown Separately)

Source: Ministry of Finance

IMPORTANT DISCLOSURES

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